

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 531 - SB 1159**

March 5, 2009

**SUMMARY OF BILL:** Prevents the retirement benefits of vested members of the Tennessee Consolidated Retirement System (TCRS) from being adversely affected should the members' work hours be reduced due to a shortage of funds. Such employees will receive the same service and salary credit in TCRS the employees would have received in TCRS had the scheduled hours of work not been reduced.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$42,138,700/Annual Amortized Cost**

**Increase Federal/Other Expenditures - \$9,268,100/Annual  
Amortized Cost**

**Increase Local Expenditures –  
\$9,556,300/Annual Amortized Cost\*  
Exceeds \$1,000,000/Annual Amortized Cost/Permissive**

**Assumptions:**

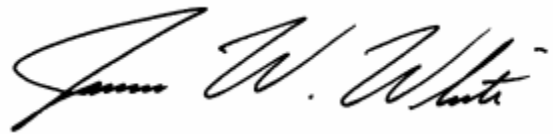
- Payment of the employer and employee contribution attributable to such additional service and salary is not included in the bill.
- Impact of the bill is dependent on the reduction in hours actually implemented.
- Two days per month or a ten percent reduction in hours.
- Increase lump sum liability by approximately \$621,438,400.
- Annual amortized cost of \$60,963,000.
- Funding ratio for state employee cost is 75 percent state and 25 percent federal.

- Funding ratio for teacher cost is 60 percent state and 40 local education agencies.
- Permissive costs to local governments will occur if most entities authorize the provisions of the bill for local employees.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

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